

paid-up capital. The banks are required to redeem their notes in lawful money on demand, at the central office and the branches. Twenty-five per cent, of the capital of a proposed new bank is required to be held as a cash reserve. The banks of issue are forbidden to loan on their own shares or to make loans which will lock up their capital for over six months. Balance sheets must be published quarterly, showing, among other things, the loans to directors and officers, and changes in the by-laws must be promptly communicated to the government. The national executive is empowered to appoint an inspector for each bank with power to examine books and cash.¹

The government in 1896 ceased the issue of paper money and the premium on gold is small.² There are three banks of issue—The Bank of Venezuela, with a capital of 12,000,000 bolivars (\$2,400,000), and circulation on June 30, 1907, of 1,976,550 bolivars; the Bank of Caracas, with a capital of 6,000,000 and circulation of 786,208 bolivars; and the Bank of Maracaibo, with a capital of 1,250,000 and circulation of 1,430,370 bolivars.⁸

In Colombia there are several banks of issue, but their notes have played but a small part in the circulation because of the excessive issues of government paper. These issues are estimated at 10,000,000,000 pesos, but their depreciation was such, that the value of the paper peso was finally fixed officially at one centavo, or one per cent, of original nominal value.⁴ Within a few years efforts have been made to restore a stable metallic standard. By decree of March 6, 1905, the Central Bank was established, with a capital of \$8,000,000. The bank is authorized to issue notes to double the amount of its capital, and must hold against them a reserve in gold or legal Colombian coin in the proportion of thirty per cent. The government has consecrated certain

* Gaceta Oficial, May 10, 1895, Ley de Bancos.

² Muhleman, 159.

⁸ Statesman's Year Book, 1908, 1634.

⁴ Report of the Director of the Mint, 1907, 223.